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December 30, 2019

VIA ELECTRONIC FILING

Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, SC 29211

Re: Technology-neutral avoided cost rates for energy and capacity for dispatchable renewable generating facilities
Docket No. 2019 - __ - E

Dear Ms. Boyd:

Dominion Energy South Carolina, Inc. ("DESC") is required by the Settlement Agreement entered into with South Carolina Solar Business Alliance (the "Settlement"), and filed with the Public Service Commission of South Carolina (the "Commission") in Docket No. 2017-370-E, to account for the effects that emerging energy storage technologies may have on the terms and conditions upon which DESC purchases power from certain Qualifying Facilities (each a "QF"), as defined under the Public Utility Regulatory Policies Act of 1978 ("PURPA").

Specifically, Section 3(A)(ii) of the Settlement requires DESC to file with the Commission avoided cost rates for energy and capacity procured from QFs that utilize either (i) "storage as a separate resource" or (ii) "dispatchable renewable generating facilities such as solar + storage." Additionally, Section 58-41-20(A)(3) of S.C. Act No. 62 of 2019 ("Act 62") requires that a utility's avoided cost methodology "fairly accounts for costs avoided by the electrical utility or incurred by the electrical utility."

In satisfaction of DESC's obligations under the Settlement and in accordance with the principles contained in Act 62, DESC hereby files for Commission approval the enclosed Rate PR – Qualifying Facility Storage (the "Storage Tariff") for storage facilities paired with certain renewable generation facilities (the "Generating QF"). For transparency and ease of reference, below is a description of the key components of the Storage Tariff.

<u>Availability</u>

Generally, the Storage Tariff is available to new energy storage facilities that execute a power purchase agreement with DESC and are certified as a QF under PURPA (the "<u>Storage QF</u>"). The Storage QF must receive 100% of its electric input from a directly connected Generating QF that is certified as a QF under PURPA. Additionally, the Storage Tariff imposes certain capacity restrictions, including that the discharge capacity of the Storage QF be at least 5 MW-AC and that such discharge capacity does not exceed 25% of the power production capacity of the Generating QF. Lastly, the Storage Tariff will be available on a first come, first serve basis until the aggregate total nameplate capacity of the Storage QFs with executed power purchase agreements exceeds 100 MW-AC.

<u>Rates</u>

The rates in the Storage Tariff will be paid to the Storage QF on a monthly basis. The rates not only account for the energy delivered to DESC, but also for DESC's ability to utilize the storage capability and the value of shifting energy or "energy-shifting." Ratepayers will also benefit in having DESC implement "energy-shifting" for these Storage QFs because, as the system operator, DESC is uniquely qualified to deploy the output of the Storage QF at times when it can be optimized, such as to promote system reliability or reduce the cost of service. For the energy delivered to DESC, regardless of whether from the Storage QF or Generating QF, DESC will pay the rate set forth in the power purchase agreement, which shall be determined by DESC's applicable Rate PR – Avoided Cost Methodology for such Generating QFs.

For the ability to utilize the storage capability and shift delivery of energy from the Generating QF, DESC will also pay the "Storage QF Fixed Payment Rate." This rate is based upon the discharge capacity of the Storage QF and consists of two components:

- Storage QF Capacity Rate - $5.56/kW-AC-month; and
- Storage QF Energy-Shifting Rate - $1.56/kW-AC-month.

Additionally, the Storage QF or Generating QF will pay DESC a monthly charge of $45.00 each billing period.

In conclusion, DESC believes that the provisions of the Storage Tariff are consistent with the Settlement and Act 62. The Storage Tariff ensures that DESC is able to effectively integrate emerging energy storage resources into its transmission and distribution system, while paying rates to the Storage QF that fairly account for ratepayer benefits.

By copy of this letter, we are serving counsel for the South Carolina Office of Regulatory Staff with the Storage Tariff. DESC looks forward to the opportunity to answer any questions the Commission may have about the Storage Tariff.

Sincerely,

J. Ashley Cooper

JAC:vbb

Enclosure

cc: (Via Electronic Mail and First Class Mail)
Dawn Hipp
Jeffrey M. Nelson, Esquire
Becky Dover, Esquire
Carri Grube-Lybarker, Esquire

RATE PR – QUALIFYING FACILITY STORAGE

FOR BATTERY STORAGE THAT MEETS THE REQUIREMENTS FOR A QUALIFYING FACILITY UNDER THE PURPA AND S.C. ACT NO. 62 OF 2019

AVAILABILITY

Available to any entity ("Seller") that enters into a power purchase agreement (the "PPA") with Dominion Energy South Carolina, Inc. (the "Company") for any battery storage unit that is a Qualifying Facility ("QF") as defined by the Federal Energy Regulatory Commission ("FERC") Order No. 70 under Docket No. RM 79-54 (the "Storage QF"), where such Storage QF directly receives input of electric energy from a renewable generation facility that is a QF (the "Generating QF"); provided, however, that the discharge capacity of the Storage QF must be at least 5 MW-AC and no greater than 25% of the power production capacity in MW-AC of the Generating QF.

No QF shall be eligible for this schedule if the power production capacity of such QF, when combined with the power production capacity of all other QFs (i) located within one mile, (ii) using the same generating resource, and (iii) under common ownership, would exceed 80 MW-AC.

This schedule shall be not be available to a Storage QF that intends to pair with a Generating QF that has an executed PPA, the term of which has not expired.

CHARACTER OF SERVICE

The Storage QF must:

1. Be directly connected to the Generating QF via an internal power line (i.e., power may not be transmitted from the Generating QF to the Storage QF via an external distribution line);

2. Receive 100% of its electric input directly from the Generating QF;

3. Not provide all or any portion of its capacity for sale or consumption by anyone, including the Generating QF, other than the Company;

4. Implement and maintain communication equipment that will allow the Company to control the operation (e.g., charges and discharges) of the Storage QF in compliance with the Company's specifications;

5. Have the ability to maintain its nameplate discharge capacity and, when fully charged, to deliver its nameplate discharge capacity for at least four (4) consecutive hours less any degradation agreed upon in the PPA where such degradation rate is consistent with industry standards;

6. Be capable of 365 charge and discharge cycles in each calendar year over the term of the PPA;

7. Supply energy at 60 hertz and voltage, with a phase and power factor approved by the Company; and

8. Supply energy at a voltage level compatible with the voltage level of the Company's system at the point of delivery.

MONTHLY RATES FOR GENERATION WITH STORAGE PPA CONTRACTS ONLY

I. Energy and Capacity Delivered to the Company's System

For all energy and capacity delivered to the Company's system, the Company will pay a rate set forth in the PPA with such rate to be determined by the Company's applicable Rate PR – Avoided Cost Methodology for such Generating QFs.

II. Storage

The Company will pay the Storage QF at a rate equal to the Storage QF Capacity Rate plus the Storage QF Energy-Shifting Rate (the “Storage QF Fixed Payment Rate”).

i. Storage QF Capacity Rate: $5.56/kW-AC-month

ii. Storage QF Energy-Shifting Rate: $1.56/kW-AC-month

These rates for Storage QFs are available on a first come, first serve basis until the aggregate total nameplate capacity of the Storage QFs with executed PPAs exceeds 100 MW-AC.

III. Seller Charge

Seller shall pay the following Seller Charge each monthly billing period: $45.00.

BILLING MONTH

A “Billing Month” is defined in this schedule as the time period between successive meter readings for the purpose of monthly billing. Readings are taken approximately once each month.

MONTHLY RATE DETERMINATION

The Company will be liable to the Seller each Billing Month for a fixed amount determined as the product of the Storage QF Fixed Payment Rate times the total applicable kW-AC discharge capacity of the Storage QF.

The Company will also be liable to the Seller each Billing Month for an amount determined as the sum of (1) the product of the total kWh delivered to the Company’s system times the per kWh rate for energy delivered to the Company’s system and (2) the product of the total kWh delivered to the Company’s system in those hours eligible for a capacity payment times the per kWh rate for capacity delivered to the Company’s system.

The Seller will be liable to the Company each Billing Month for the Seller Charge regardless of the amount of energy delivered by the Seller to the Company.

PAYMENT TERMS

Payment terms will be described in the PPA.

SPECIAL PROVISIONS

The configuration of the Storage QF shall be subject to the Company’s approval, and the Company shall have the right to inspect the Storage QF prior to operation.

The PPA shall contain provisions related to the Company’s right to operate the Storage QF, which may include requiring the Storage QF to implement the Company’s operating instructions (e.g., charges and discharges), provided that such instructions are within the operating limits of the Storage QF.

The Storage QF shall request interconnection service and take such service pursuant to South Carolina Generator Interconnection Procedures, Forms, and Agreement. The Storage QF and Generating QF may submit a single application for interconnection service.

LIMITING PROVISIONS

Company shall not be liable for purchase of electricity from a Storage QF or Generating QF pursuant to this schedule until Seller and Company have executed a PPA for the Storage QF and Generating QF.

Power discharged from the Storage QF may not be used to satisfy contractual requirements of the Generating QF such as performance requirements or power quality.

Non-intermittent Generating QFs must have interconnection service sufficient to simultaneously accommodate the combined power production capacity of the Generating QF and the Storage QF.

TERM OF CONTRACT

The term of the PPA shall be for no more than ten (10) years.

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